

Message Text

LIMITED OFFICIAL USE

PAGE 01 GUATEM 04050 311434Z

44

ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 SSO-00 NSCE-00 USIE-00 INRE-00

CIAE-00 COME-00 DODE-00 DOTE-00 FMC-01 INR-07 NSAE-00

CG-00 OFA-01 DLOS-04 SS-15 NSC-05 SP-02 L-03 H-02

PA-01 PRS-01 FTC-01 STR-04 AID-05 CIEP-01 TRSE-00

OMB-01 CEA-01 JUSE-00 /069 W

----- 019914

O 311358Z JUL 75

FM AMEMBASSY GUATEMALA

TO SECSTATE WASHDC IMMEDIATE 7609

LIMITED OFFICIAL USE GUATEMALA 4050

E.O. 11652: N/A

TAGS: EWWT, GT, US

SUBJECT: DELTA/FLOMERCA PROBLEM - STATUS REPORT

REF: A. GUATEMALA 3384

B. GUATEMALA 3571

C. GUATEMALA 3992

D. GUATEMALA 4048

E. GUATEMALA 4049

SUMMARY: PRESS AGITATION OF DELTA COMPLAINT IN FMC AGAINST
GUATEMALAN DISCRIMINATION IN CARGO ASSIGNMENT HAS EMOTIONALIZED
AND POLITICIZED ISSUE. FURTHER DELAY NOW EXPECTED IN FORMULATION
OF MARITIME-TAX LAW WHICH IF PASSED BY CONGRESS WOULD REMOVE
DISCRIMINATION AGAINST US LINES. END SUMMARY.

1. SINCE LAST STATUS REPORT (REF. B), PRESS STORIES ON DELTA
COMPLAINT AND USG INVESTIGATION (REF. C) AND DEFIANT POSITION
OF FLOMERCA (REF. D) HAVE, AS EXPECTED, LOWERED ISSUE TO LEVEL
OF CONFRONTATION BETWEEN STRUGGLING LDC TRYING TO DEVELOP TINY
MERCHANT MARINE AND USG INSISTING ON ADVANCING INTERESTS
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 GUATEM 04050 311434Z

OF GIANT US SHIPPING LINE. IN EFFORT TO CORRECT FALSE REPRE-

SENTATION IN PRESS AND BY FLOMERCA, EMBASSY IS ISSUING STATEMENT TODAY, JULY 30 (REF. E).

2. PUBLICITY AND EMOTIONALIZATION OF ISSUE HAVE DISRUPTED EFFORTS OF THOSE FAVORING NEW MARITIME TAX AS EQUITABLE RESOLUTION OF PROBLEM (REF. A), TO PUSH DRAFT LAW THROUGH GOG AND CONGRESS. EARLIER, INTER-MINISTERIAL COMMISSION ON PROPOSED LAW HAD COMPLETED WORK, AND AGREED DRAFT WAS TO BE PASSED TO PRESIDENT FOR FINAL CONSIDERATION PRIOR TO PRESENTATION TO CONGRESS. HOWEVER, FLOMERCA WITHDREW ITS SUPPORT OF NEW LAW, TURNING AGAINST IT AND ADVOCATING CONTINUATION PRESENT SYSTEM. AGREED DRAFT WENT THEN NOT TO PRESIDENT BUT TO NEW MINISTER-LEVEL NATIONAL ECONOMIC COMMISSION. CONFRONTED WITH DIVISION WITHIN GOG, COMMISSION PROCEEDED TO REQUEGZ REPORT ON ISSUE FROM GUATEMALAN EMBASSY/WASHINGTON. COMBINED CHAMBERS OF COMMERCE AND INDUSTRY, HOWEVER, CONTINUED DISCUSSIONS WITH GOVERNMENT, SUGGESTING MODIFICATIONS OF DRAFT LAW TO MAKE IT MORE ACCEPTABLE TO GOG AND CONGRESS.

3. (SINCE EXPORTERS ALMOST UNIVERSALLY OPPOSED TO NEW TAX ON EXPORTS -- WHICH COULDN'T BE PASSED ON TO BUYERS -- IT WAS PROPOSED THAT MARITIME TAX BE LIMITED TO IMPORT CARGO -- ON GROUNDS IMPORTERS COULD PASS TAX ON TO DOMESTIC CONSUMERS. OTHER ELEMENTS PUSHING FOR ELIMINATION OF MARITIME TAX ON OIL IMPORTS SINCE WOULD BE INFLATIONARY. LEVEL OF 5 PERCENT COULD BE SCALED DOWN FOR SAME REASON. ALL OF WHICH WOULD MEAN LESS REVENUE DIRECTED ULTIMATELY TO FLOMERCA, WHICH MAY BE ONE OF THE REASONS FOR REVERSAL OF FLOMERCA POSITION.)

4. NOW, HOWEVER, PUBLIC AIRING OF ISSUE HAS RENDERED GOG INCAPABLE FOR TIME BEING OF MAKING FURTHER MOVES ON LAW. COMBINED CHAMBERS HAVE SUSPENDED THEIR DISCUSSIONS. PROSPECT OF EARLY EMERGENCE OF LAW PRESENTLY VERY DIM.

5. IN COURSE OF RECENT BRIEFING OF FOREIGN MINISTER ON STATUS OF FMC AND STR HEARINGS, AMBASSADOR MENTIONED REVERSAL OF FLOMERCA POSITION ON DRAFT LAW AND EXPECTED DELAY IN FINALIZATION OF IT. AGITATION IN PRESS NOW WILL GIVE FURTHER PAUSE TO GOVERNMENT IN ADVANCING MARITIME TAX LAW.
MELOY

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MARINE TRANSPORTATION, LITIGATION, REPORTS, STEAMSHIP LINES
Control Number: n/a
Copy: SINGLE
Draft Date: 31 JUL 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975GUATEM04050
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750264-0548
From: GUATEMALA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t1975075/aaaaaadzl.tel
Line Count: 99
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 GUATEMALA 3384
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 09 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 SEP 2003 by izenbei0>; APPROVED <06 NOV 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: DELTA/FLOMERCA PROBLEM - STATUS REPORT
TAGS: EWWT, GT, US, FLOMERCA, DELTA STEAMSHIP CO
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006